Planters concerned with RCEP

SPECIAL CORRESPONDENT
COIMBATORE

The United Planters' Association of Southern India (UPASI) has said that plantation commodities should be kept out of the Regional Comprehensive Economic Partnership (RCEP), if India signs the agreement.

AL. Rm. Nagappan, president, UPASI, said in a statement that in 2018-2019, the trade deficit in plantation commodities was ₹5,716 crore with RCEP countries, though India had overall trade surplus in these commodities.

"This indicates that plantation commodities will be losing significantly if the RCEP agreement materialises," he said. "We fear further reduction in tariff proposed can only worsen trade deficit in plantation commodities."

Among these commodities, natural rubber and pepper have an overall trade deficit, irrespective of RCEP.

This is because natural rubber is classified as an industrial raw material and pepper imports have increased because of multiple bilateral and multilateral trade agreements. Coffee exports by India are high with more than 75% of production exported. However, with RCEP countries, there is a trade deficit to the tune of ₹16,435 crore.

"This suggests that the Indian coffee sector will be a loser. China is a partner country in the proposed RCEP. Though it is the largest producer of green tea, China makes black CTC tea, too, for the export market. We fear that the rules of origin criteria will be taken advantage of to route tea through the ASEAN countries who have a duty advantage," he said.

'Reliance digital push a bid to lure buyers'

'Reliance Jio will be an ideal opportunity for the U.S. telecommunications majors to enter India'

PIYUSH PANDEY
MUMBAI

Money calling: Potential strategic and financial partners have already showed strong interest in the proposal. • AFP

Reliance Industries Ltd.'s (RIL) decision to set up a wholly owned subsidiary for digital initiatives is aimed at divesting stakes directly in this arm, in Reliance Jio or selling a portion of the assets of the former, a person in the know of the development told *The Hindu*.

Potential strategic and financial partners showed strong interest in the proposal after RIL CMD Mukesh Ambani hinted during the company's AGM at inducting leading global partners in the consumer-facing businesses of the oil-to-retail conglomerate.

"We will induct leading global partners in these businesses (Reliance Retail and Reliance Jio) in the next few quarters, and move towards listing of both these companies within the next five years," Mr. Ambani had said.

"Creating a separate digital platforms company and segregating it from Reliance Jio will help Reliance to sell strategic and financial stakes at two levels," said the person. "One at the digital platform level, which holds all digital assets and another at Reliance Jio level.".

When asked for comments, investment adviser S. P. Tulsian told *The Hindu*,

Digital platform will house all Jio apps, company's investment in digital platforms and tech capabilities

"U.S. telecommunication majors AT&T and Verizon are yet to enter India which is one of the world's largest telecommunications markets. "Reliance Jio will be an ideal opportunity for the U.S. majors to enter India," he said.

Housing all apps

RIL's digital platform will house all Jio apps, the company's investment in digital platforms such as Den and Hathway cable and technical capabilities such as big data, artificial intelligence, blockchain, machine learning, Internet of Things and robotics.

To raise valuations, the digital platforms company and Reliance Jio will be virtually debt-free on the lines of global large platforms companies like Alphabet, Amazon, Facebook and Apple.

"Debt-free holding company with capital structure similar to global technology peers make it attractive for strategic investments [and] partnerships," said RIL in a presentation to analysts.

"At the AGM, Mr. Ambani announced a partnership with Microsoft for digital transformation; I won't be surprised if the technology major picks up direct stake in the digital platforms company or some of its digital assets going forward," said a Mumbai-based analyst who didn't wish to be named.

RBI search panel may back economist for Deputy Governor

'Tussle between economists, IAS lobby'

MANOJIT SAHA
MUMBAI

The appointment of the deputy governor in the Reserve Bank of India to fill up the vacancy that was created after Viral Acharya's departure could be a complicated one.

This is because there is a strong view in a section of the bureaucracy that the post, traditionally held by an economist, should be filled by a civil servant this time.

On the flip side, despite the strong push by the IAS lobby to do away with an economist deputy governor, some members of the search panel feel tradition should be maintained since it is a specialist's job.

The interviews for the post, vacant for more than three months, is scheduled for November 7.

The RBI has four deputy governors – two are appointed from outside while the remaining two are promoted from within. Of the two that from outside, one is a commercial banker and the other, an economist.

Mr. Acharya, C.V. Starr Professor of Economics in the Department of Finance at New York University Stern School of Business, resigned from the deputy governor's post six months before his tenure ended. Mr. Acharya's last working day at the RBI was July 23.

Before Mr. Achraya, Urjit Patel was the economist-Deputy Governor at the RBI. He later became the Governor after Raghuram Rajan's term ended. According to sources, despite hectic lobbying by bureaucrats, an economist may be finally chosen as Mr. Acharya's successor since the the deputy governor is also in the monetary policy committee that decides interest rates. The economist deputy governor is also in charge of the all important monetary policy department.

Sources said that earlier too, when the vacancy for commercial banker-deputy governor came up, there was a strong push to appoint a bureaucrat. The Financial Sector Regulatory Appointment Search Committee is responsible for selecting the candidate.

On August 1, the government had invited applications to fill up the Deputy Governor's post, but did not specify that only economists must apply. According to the advertisement, the applicant should have at least 25 years' work experience in public administration, including at the level of secretary or equivalent in the central government.

Candidates with at least 25 years of work experience in an Indian or international public financial institution could also apply. The appointment is for three years and the person was eligible for reappointment.

'Relaxed norms may boost tea tourism'

West Bengal allows 15% of land in a tea garden to be used for economic activities

SPECIAL CORRESPONDENT
KOLKATA


The move may also boost horticulture projects and allied economic activities.

The tea industry in West Bengal is witnessing a major boost to employment with the State government's relaxation of norms for use of leasehold land in a tea garden.

The move may induce garden owners to promote tourism, horticulture projects and other allied economic activities, said P.K. Bhattacharjee, secretary general, Tea Association of India

Well-intentioned act

"The calibrated manner in which the State's land laws have been amended speaks of the government's well-intentioned acts in this direction," he said.

The West Bengal government recently allowed the tea industry to use 15% of land in a tea garden for other economic activities, including tea tourism and horticulture. However, it bars housing projects.

Indian Tea Association (ITA) chairman Vivek Goenka said that the ITA had already identified crops cultivable in West Bengal and the government's initiative would allow it on a commercial scale.

In 2015, the West Bengal Government had amended relevant schedules of the West Bengal Estates Acquisition Act to allow tea estates to use leasehold land for horticulture, medicinal plant farming, dairy farms and micro hydel project besides tea tourism projects.

However, this had capped the relaxation to certain fixed proportions for various uses at 20 acres.

Now, this has been increased to 150 hectares. ITA noted that by not allowing housing activities, the government had communicated its resolve not to disturb the present ecosystem.

The government has also assured of a 'Tea and Tourism Allied Industry Policy 2019' to complement these initiatives.

The tea industry has been plagued by rising costs (around ₹185 a kg) and stagnant prices (about ₹157.5 per kg in West Bengal). In this scenario, many gardens have begun incurring losses.

Productivity and quality too have been an issue, especially in view of the ageing bushes, which many estate owners have failed to rejuvenate, leading to low yields and poor quality.

Indiabulls arm sells London property

PRESS TRUST OF INDIA
NEW DELHI

Indiabulls Real Estate said it has sold its property in London to a promoter group firm for £200 million as part of its plan to focus on India business and cut debt.

At its AGM on September 28, the firm's shareholders had approved a proposal to sell the property to promoters for £200 million. In a filing, the firm said the "company's wholly owned subsidiary has divested its entire stake in Century Ltd, which indirectly owns Hanover Square property, London to Clivedale Overseas Ltd., an entity owned by promoters of the company."

Changes in banking hours unsettle customers, say unions

Centre's move aimed at facilitating ease of doing business

SPECIAL CORRESPONDENT
MUMBAI

The revision of public sector bank (PSB) timings beginning November 1 has ended up causing confusion among customers accustomed to particular banking hours.

The change in timings follow a government order aimed at facilitating ease of doing business.

The timing for branches in each of these areas have been decided by the State Level Bankers Committee.

In Maharashtra, a branch in an area categorised as residential, will have banking hours from 9 a.m. to 4 p.m. and customer banking hours from 9 a.m. to 3 p.m. A branch located in a commercial area will work from 11 a.m. to 6 p.m. and customer banking hours of 11 a.m. to 5 p.m.. Branches in all other areas and offices will have banking hours from 10 a.m. to 5 pm. and customer banking hours of 10 a.m. to 4 p.m.

Timings may differ for other States.

"As per Central government direction in the name of ease of doing business, all banks have changed timings with effect from November 1 but this has created lot of chaos. Banks have not changed the boards or given notice," said Devidas Tuljapurkar, general secretary, Maharashtra State Bank Employees Federation.

U.S. Treasury Secretary meets Das

SPECIAL CORRESPONDENT
MUMBAI

The United States Secretary of the Treasury Steven Mnuchin met Reserve Bank of India Governor Shaktikanta Das on Saturday and discussed domestic macro economic scenario, the central bank said in a statement.

"The discussions covered global and domestic macro-economic scenario in both countries and regulatory developments," a statement said.

L&T looks to derisk West Asia business

Revenue from region down to 50% of global revenues from 80% earlier

SPECIAL CORRESPONDENT
MUMBAI

Larsen and Toubro (L&T) is looking to diversify its global operations in politically stable countries to derisk its concentration in West Asia, from where it gets most of its revenues.

International orders constitute about 22%, or ₹66,709 crore of L&T's order book, and during the second quarter alone, the company bagged international orders worth ₹16,675 crore, accounting for 35% of the total order inflow – most of them from West Asia. "We have benefitted internationally from the major expansion plan of Saudi Aramco, which is doing major developments of its fields. We have bagged major contracts to build oil and gas platforms. We are also so benefiting from the refinery expansion plan of Aramco," S.N. Subrahmanyan, MD & CEO, L&T, said.

The firm sees West Asia as a worry and has decided to diversify in the wake of the geopolitical tensions in the region due to broadening of tensions between Iran, Saudi Arabia and the U.S. R. Shankar Raman, Group CFO, L&T, told *The Hindu*, "Our international revenues from West Asia alone used to be 70-80% at one point and now it has fallen to below 50%. We have taken steps to expand in Africa, Bangladesh, Sri Lanka and East Asian countries. There is a conscious effort to derisk the dependence on West Asia and it is beginning to pay off."

According to Mr. Subrahmanyan, West Asia is still a worry for the company. "Qatar is still not friendly with its neighbours or the other way around – the neighbours are still not friendly with Qatar. You have the war at Yemen. There is general broadening of tensions between Iran, Saudi Arabia and U.S. in between. There are sanctions Iran and Iraq are yet to settle down on. Turkey has invaded Syria.

"If major disruptions take place, it will impact the global economy because majority of world oil flows from there. One has to be conscious of this and take it forward," he said.

INTERVIEW | SANTIAGO CROCI

'Focus on enforcing contracts, land administration'

Higher you go, more difficult it is to improve: World Bank's Croci on India eyeing top 50 for Doing Business

SRIRAM LAKSHMAN

The World Bank's Doing Business 2020 study, released last week, showed that India improved 14 places from 77 to 63 out of 190 countries in the Ease of Doing Business (EODB) rankings. Bank economist, **Santiago Croci**, *who led the data collection and analysis for the study, discusses linkages between the indicators and macro economy, among others. Excerpts:*

On the link between the overall economic situation in India and the Doing Business indicators

■ Doing Business, what they've measured, is [concerned with] regulations that are more at micro level and not at the macro level. So, there are little things that can impact the business environment of a country that are not covered by Doing Business.

So, things such as security, the level of education of workers in a given country, infrastructure, broadly speaking, are not covered under Doing Business. What we measure are business regulations that affect local, small companies.

Also, the process of reform that the government undertakes, takes years. In the case of India, we've been working... or they have been engaged in *Doing Business* indicators for a few years now and you see the results of those efforts down the line.

And during that time, you can see economic impact due to many factors that are not directly related to Doing Business measurements.

For 11 economies, data are collected from the largest and second-largest business cities. The EODB score is arrived at by taking a population-weighted average of the scores for each city. On reports that Kolkata and Bengaluru are going to be counted in the scoring from next year.

■ There are no final decisions on this. We are in discussions with the senior management of the bank and the Government of India to see if at some point we could include additional cities. We would inform our stakeholders in advance and there will be some sort of collaboration with the countries that ... would be affected by this change, if it happens.

So, doing business does focus on the largest business cities.

Now, with regards whether or not it's a limitation or is not representative, I think we need to be very careful, because, as a matter of fact, it is not true that because they're a larger city, business is easier. It really depends on each country and many different factors.

There's a big chunk of the data that is based on legislation that is applicable at national level.

For instance, if you look at the bankruptcy laws, the secure transactions legal framework, Companies Act, all of these are, generally, in most countries, the same across regions.

So there's a big chunk of the data that will not vary regardless of which city we take into account. Second, there are aspects of doing business here that do change from one city to another.

And these are more of... if you take a look at procedural... procedures such as construction permits, starting a business, getting electricity, [for] those we see more variation.

But again, it's not because you are in the largest city that the process is going to be easier. So, yes, it's a limitation, but going so far as to say it's not representative... I think it's a bit too much.

On what it will take for India to make a jump into the Top 50.

■ The higher you go, the more difficult it is to improve. The dual areas that I see where India could do the most progress are maybe some of the most difficult ones to reform. India's score in the Doing Business 2020 'enforcing contracts' indicator is one of the country's lowest scores. That's an indicator that looks at commercial disputes and the efficiency of courts.

For example, in Mumbai it takes three times longer than in other cities of high income economies to solve commercial disputes through courts.

Another area that I think would be the land administration system, the registered property indicator, where India also ranks pretty low and where there is a lot of room for improvement.

Mumbai, in this case, scores 14 out of 30 so there are a lot of things that can be improved. Delhi's score is even lower [8 out of 30].

How is India expected to fare when 'contracting with the government' is incorporated into the EODB indicator next year?

■ It's too early to tell, because we are still refining the methodology of that indicator.